



**CITY OF SCOTTSDALE  
TOURISM DEVELOPMENT COMMISSION  
REGULAR MEETING**

**Tuesday, April 19, 2016**

**Kiva Forum - City Hall  
3939 N. Drinkwater Boulevard  
Scottsdale, Arizona 85251  
APPROVED MINUTES**

**PRESENT:** David Scholefield, Chairperson  
Ren Hirose, Vice Chairperson  
Ace Bailey  
Linda Dillenbeck  
Carl Grupp  
Camille Hill  
Robert McCreary

**STAFF:** Steve Geiogamah  
Karen Churchard  
Lee Guillory  
Brian Dygert

**GUESTS:** Rachel Sacco  
Mike Moore  
Fred Unger  
Carter Unger

**1. Call to Order/Roll Call**

Chairman Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:00 a.m. The presence of a quorum was noted.

**2. Approval of Minutes**

- March 8, 2016 Special Meeting

**COMMISSIONER DILLENBECK MOVED TO APPROVE THE MINUTES OF THE MARCH 8, 2016 SPECIAL MEETING AS AMENDED. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).**

- March 15, 2016 Work Study Session

**COMMISSIONER BAILEY MOVED TO APPROVE THE MINUTES OF THE MARCH 15, 2016 WORK STUDY SESSION AS PRESENTED. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).**

### **3. Manager Reports**

#### **a. Staff Bed Tax Report**

Steve Geiogamah, Tourism Development Manager, reviewed the bed tax report for business activity in February. Bed tax collections were up 8%. Year to date collections were down 1%. Restaurant and miscellaneous retail sales tax collections were up 5% and 10% respectively. In terms of classifications, resorts were up 3.2%, limited properties were up 2.6%, and full service properties continue to trend downward at 6.2% YTD. Chairperson Scholefield requested a description of the types of lodging in each category.

#### **b. Bed Tax Proforma**

Mr. Geiogamah reported that the proforma for the month of April contained only one addition. City Council approved the 2017/18 NCHA Western National Championship bid for \$30,000 per year over two years. If the bid is successful, the proforma will reflect those payments in FY2016/17 and FY2017/18.

Chairperson Scholefield requested an update on the Marshall Way art project, and Vice Chairperson Hirose requested an update on the Bed Tax Stabilization Fund. He felt Scottsdale needs to put itself in the position to handle an emergency as soon as possible.

#### **c. Smith Travel Report**

Mr. Geiogamah stated that the average daily rate for the month of February was up 2.9%. Revpar was up 4.1%. February occupancy was up 3.7% and YTD occupancy up by 1.1%.

#### **d. Program Updates**

Mr. Geiogamah said Jam On It Basketball Tournament applied for the Venue Fee Program and was recommended for \$25,000.

The 2015 Charles Schwab Tournament met all contract requirements, and payment has been made. The event provided a national billboard campaign promoting the tournament. The media day event was held in Scottsdale at the Desert Mountain Golf Club. Mayor Lane was invited to participate in the closing ceremonies, and his message was broadcast on Friday. Staff will work to have that message broadcast on the last day of next year's tournament.

The Special Events Ordinance was adopted by City Council on March 15, and will go into effect on July 1, 2016.

**4. Tourism Development Commission Bylaws Update**

Mr. Geiogamah reported that Section N has a proposed bylaw amendment allowing an immediate past chairperson to represent the TDC at various meetings.

**VICE CHAIRPERSON HIROSE MOVED TO APPROVE THE CHANGES TO THE TDC BYLAWS AS PRESENTED. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).**

**5. Election of Officers**

Mr. Geiogamah accepted nominations for Chairperson and Vice Chairperson of the TDC.

**VICE-CHAIRPERSON HIROSE MOVED TO REAPPOINT DAVID SCHOLEFIELD AS THE CHAIRPERSON OF THE TDC. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). CHAIRPERSON SCHOLEFIELD ABSTAINED.**

**COMMISSIONER DILLENBECK MOVED TO REAPPOINT REN HIROSE AS THE VICE-CHAIRPERSON OF THE TDC. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). VICE-CHAIRPERSON HIROSE ABSTAINED.**

**6. TDC Work Study Follow-Up**

Mr. Geiogamah reviewed the objectives identified by the TDC during their work study session: to address the event program criteria; to work effectively with City government; to proactively pursue event marketing opportunities; and to leverage relationships. The TDC assigned Commissioners to work with staff to address each of these objectives in lieu of forming actual working groups. Any recommendations that develop from these discussions will be brought back to the TDC as a whole as they emerge.

Vice Chairperson Hirose stated that Scottsdale will need a dedicated staff person to search for and create signature events. This is very important. Karen Churchard said staff understands the objective and is discussing it internally. She noted that a full-time person cannot be added until after Scottsdale hires a new City Manager.

**COMMISSIONER MCCREARY MOVED TO RECOMMEND MOVING FORWARD WITH THE WORK STUDY OBJECTIVES AS PRESENTED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).**

**7. FY 2016/17 Event Support Funding Programs**

Mr. Geiogamah said the Matching Event Advertising Fund Program, the Community Event Funding Program, and the Event Venue Fee Program have been reviewed and

updated according to the TDC's direction. Among the MEAF changes, the information process and application has been reformatted and made consistent from program to program to eliminate confusion. MEAF funding eligibility was increased by 10% to promote seasonality for the months between May and December. Some of the MEAF categories related to funding were changed.

Mr. Geiogamah said staff is considering the idea of eliminating separate budget items for each program and instead making one fund available for all programs to draw from. The Community Event Funding Program could be changed by having the City match up to 30% of the overall event budget up to \$30,000. Trade shows and corporate meetings will not be eligible for funding. Seasonality has also been added. The application now extracts more detail from the producers. A portion of the funding must be allocated to marketing. Vice Chairperson Hirose explained that the limit was proposed because some producers had applied with the erroneous expectation that the City would fund the entire event.

Mr. Geiogamah said the Event Venue Fee Program saw few changes. The application was made consistent with the other two programs. All applications are available online. Staff is continuing to work on the New Event Program. All changes will be reviewed by the TDC for recommendation in May, and will go before City Council for approval in June.

#### **8. Tourism Downtown Economic Feasibility Study**

Karen Churchard said Downtown Scottsdale 2.0 is a new study that will bring a holistic approach to downtown planning. There are many challenges, but also many opportunities to build on downtown's success as a tourist destination, a shopping hub, and cultural/entertainment center. As a community, Scottsdale needs to better understand how the challenges and opportunities fit together. The effort will collaboratively create a focused improvement plan that consolidates community perspectives and visions, sets priorities, and defines a practical path forward.

Ms. Churchard said staff completed a competitive bid process to ensure that a highly qualified firm would be brought on board to complete the project. The study should begin by June 2016. Its success will depend on community involvement. There have already been several studies done regarding downtown. This one will be different because it is designed for action. It will build upon previous plans and strategies and will view best practices and ideas for downtowns throughout the nation and the world. The study is expected to take nine to 12 months to complete. Citizens will have many opportunities to get involved and ensure their voices are heard. The information will be available through an e-newsletter, many public meetings, and on the website, [www.scottsdaleaz.gov/downtown](http://www.scottsdaleaz.gov/downtown).

Commissioner Hill asked whether the consulting firm chosen for the study has studied destinations with a tourist focus. Ms. Churchard responded that the company is CSL International, and they have done much tourism-focused work. They also have a subcontractor called Populous, which has an international reputation for working on plans to improve connectivity during high profile events such as the Super Bowl and the Olympics. The stakeholders being sought for input are in and around downtown, and will include developers, real estate companies, property owners, merchants, and

residents, among others. The goal is to get as much input from all citizens across the city.

Chairperson Scholefield inquired about the borders for the downtown study. Ms. Churchard said it uses the defined map from the 2009 Downtown Character Plan. Basically, it extends from just north of Scottsdale Fashion Square to just south of Osborn, and from 68th Street to Miller.

Vice Chairperson Hirose asked whether a formalized committee with specific constituents will be formed during the process. Ms. Churchard said one is being considered.

## **9. FY 2016/17 Scottsdale CVB Destination Marketing Program**

Rachel Sacco, SCVB, presented an overview of the Annual Destination Marketing Guide. It includes the proposed budget, a program of work, and performance measures for the City. Five strategic initiatives are being carried throughout the program of work:

- launch a new corporate identity and brand campaign
- shift the marketing strategy to maximize resources and spotlight the new brand
- strategically deploy sales staff
- host more clients
- support the City's Tourism Strategic Plan

Ms. Sacco stated that once the true up in bed tax collections is accounted for, the difference will be put in its entirety into the marketing budget. The budget for personnel has increased to 6% to account for anticipated increases in benefits expenses. Any savings will be put back into marketing. A brand-new sales manager has been hired. Operations increased 13%, because of the new five-year office lease and a new visitor center in Fashion Square. Marketing will be up about 2%.

Ms. Sacco said the new marketing strategy will spotlight the new brand. The strategy will focus on high impact programs in targeted markets such as station dominations in New York and Chicago. New campaigns in San Francisco and Denver will be deployed earlier to impact the fall and holiday season. Seasonal campaigns are promoted through direct mail, digital and social media. For Golf Week, three influencers will blog and communicate about golf to three different customer groups: avid golfers; family golfers; and girlfriends on a golf getaway. A turnkey tournament will target millennial golfers. New TV spots will continue to air, but a special emphasis is being placed on news programming, because high-value visitors are very interested in news.

Ms. Sacco said the communications budget is up \$20,000 to overhaul all press kits to be more consistent with the new brand. The Travel Classics West Conference will bring in top editors and freelance writers to the destination. Convention Sales is deploying more resources into salespeople devoted to Canada. The Tourism budget is static, except there will be a new client sales mission to either New York or Chicago.

Ms. Sacco explained that performance measures have been modified to account for the new sales staff and budget adjustments. The SCVB is anticipating a possible decrease in the number of inquiries that come to the new website until search engine efforts

through Google analytics are reported. The performance measures will track how people react with the brand.

#### **10. Fiesta Bowl & College Championship Game Updates**

Ms. Sacco noted that in 2006, the SCVB entered into a 20-year contract with the Fiesta Bowl to keep all of the teams and ancillary groups associated with the game in the Scottsdale area, even as the game itself was moved to Glendale. This year's Fiesta Bowl featured two teams with traditionally strong travel support and was expected to have a great impact on room nights. It generated fewer room nights than last year's game that featured a matchup between Boise State and University of Arizona, but the average daily rate was much higher. This drop was attributed to milder than average winter temperatures and an earlier game than usual. Some other factors for low attendance could have been that flights from Indiana were expensive, and Ohio State had hoped to go to the Championship game. The Fiesta Bowl is important because it comes at a time of year when there is no group business.

Ms. Sacco stated that the Cactus Bowl filled the space immediately after the Fiesta Bowl and featured Arizona State and West Virginia. Despite a dip in occupancy from the previous year, the ADR and revenue per available room were up. Altogether, official groups related to competing teams accounted for 5,508 rooms, of which 3,319 were in Scottsdale and the rest were in Paradise Valley. Scottsdale was featured on the Fiesta Bowl website, in program ads, during in-game PSAs, and on the video board.

Ms. Sacco reported that the College Championship game was played on January 11 and featured Alabama versus Clemson. While it did not generate the hoped for room nights for Scottsdale over the five-day time frame around the game, the ADR was up 29% over normal, and Revpar was up 25%. The official groups generated 5,407 rooms, of which 3,031 were in Scottsdale, and 2,376 were in PV. These games provided the opportunity to bring many people to Scottsdale who perhaps had not been here before, and the spotlight was on the Valley of the Sun for the days of the games. The return on investment in this contract has been very good.

Vice Chairperson Hirose said the Championship Game created a false anticipated demand, and many hotels were expecting it to be like the Super Bowl. Rates went up and anyone who was coming to Scottsdale during that week had to pay the higher rate even if they were not there for the game. Fans of the teams went to the semifinals the week before and many could not turn around and do it again right afterwards. With a three-week lead in, the semifinal games might actually be better attended than the championship game. Ms. Sacco agreed, saying that it has been a learning experience, even for the organizing committee. The sense was that this new playoff format would have a similar impact to the old BCS model, which performed extremely well in terms of occupancy and metrics, but that has not been true. Future expectations will be much more in line with the reality of the game.

#### **11. FY 2016/17 Bed Tax Tourism Budget**

Mr. Geiogamah presented an outline of the Bed Tax Tourism Budget for FY2016/17. Karen Churchard said two items were put into the out of budget category. City Council will consider whether to approve them using bed tax funds. One pertains to ambient

lighting. Up to now, merchants have been using their own electrical outlets. This funding would be used to install City-owned outlets in areas where ambient lighting currently is. The outlets will also be available for events that require power. The second out of budget item is \$300,000 for downtown activation. This will be used for three different projects: holiday activation; Western heritage in February; and happenings on the canal banks.

Ms. Churchard stated that City Council will also consider three capital improvement projects: Marshall Way street lighting south of Indian School; a public restroom on Main Street; and \$4.65 million in enhancements to sidewalks throughout downtown.

Commissioner Grupp felt that the issue of ambient lighting should be in the feasibility study. Bed tax money spent on capital projects is otherwise unavailable to be spent getting people to downtown Scottsdale to see the lights. Commissioner Hill said the lights are charming, but she struggles to understand how tourism marketing funds should be expected to answer that problem. Commissioner Dillenbeck agreed that lights on trees will not bring people into the destination, which is the purpose of the bed tax. It has become too convenient for City Council to look at bed tax revenue as a pot of gold to be used in ways that were never intended.

Commissioner Grupp expressed concern that the TDC is being asked to turn over funding for downtown activation without a real program of work. Ms. Churchard explained that a Tourism Advisory Task Force working group will explain exactly how the money will be used, but this information was presented to the Commission now because it is being put into the budget. Commissioner Grupp clarified that he supports enhancements to downtown, but it is the TDC's responsibility to pay attention to the details.

**VICE-CHAIRPERSON HIROSE MOVED TO RECOMMEND \$300,000 IN FUNDING FROM BED TAX FOR THE DOWNTOWN ACTIVATION AS PRESENTED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).**

Vice Chairperson Hirose said his experience with Westwood Village in Los Angeles taught him that ambient lighting can make a big difference if it is well coordinated over an area. Commissioner Grupp agreed that the curb appeal in downtown needs to be improved, but he would like to know whether the \$520,000 allocation was the result of a bid and if the money is coming out of the bed tax. Ms. Churchard responded that the Capital Projects Management Department did the same estimate they do for all CIPs. She agreed that lighting as a downtown characteristic should be addressed in the feasibility study. The lights currently cost between \$160,000 and \$200,000 per year, much of which is spent on repairs to keep them working. They will eventually have to be replaced, but this project is only for the outlets.

**COMMISSIONER DILLENBECK MOVED TO NOT SUPPORT ALLOCATING FUNDING FROM BED TAX FOR DOWNTOWN AMBIENT LIGHTING. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ONE (1). VICE-CHAIRPERSON HIROSE DISSENTED.**

Vice Chairperson Hirose questioned spending money on the Annual Visitor Inquiry Study. Other surveys are more valuable, and this would save money. Mr. Geiogamah said staff concurs with that. The only way the report would move forward is if it were retooled.

Mr. Geiogamah clarified that staff is asking the TDC whether the allocations towards the program of work is in concurrence with their objectives for the next fiscal year. Chairperson Scholefield responded that questions remain on some of the issues, but that with more input the Commission could reach concurrence.

## **12. 2017 Off-Road Expo Event Funding Proposal**

Mike Moore said Family Events is an Indianapolis company that does up to 46 events per year. Most are in the Midwest and target automobile enthusiasts. The Off-Road Expo is one of the largest. It is held every October in Pomona, California. A spring event at WestWorld in Scottsdale would bookend the Pomona event very nicely. Pomona attracted 69,000 attendees over two days. The potential exists to expand it to three days in Scottsdale. Over 325 distinct companies exhibit at the expo, using 600 booths.

Mr. Moore said the target is to have the expo in Scottsdale in March of 2017 for the first year, and ideally in April from that point on. Attendees are highly engaged in travel and hobbies and spend lots of money to pursue their interests. Family Events is owned by Bonnier, a major magazine publisher with a reach of 35 million people. Expo engages in a full range of promotional activities. Last year, 67,500 individual media insertions generated 24 million media impressions.

Mr. Moore said Scottsdale will have a two-page spread in the Off-Road Gear Guide, which has a distribution of 160,000 throughout the year. A five percent discount on booth space will be given to exhibitors who stay in Scottsdale. The first year is expected to generate 1,500 room nights. Scottsdale will be represented as a sponsor of the event wherever it is represented.

Commissioner Grupp inquired about demographics in Scottsdale. Mr. Moore responded that the off-road industry is based in California and it is easy for them to get to Pomona. The Scottsdale event would require more hotel stays and is expected to meet the minimum number of room nights. Pomona's room nights were tracked at 2,000. Because it is within driving distance of southern California, Scottsdale's attendance figures should be similar to Pomona's. The marketing budget is the same, but media buys are less expensive in Phoenix.

Vice Chairperson Hirose expressed concern about the March date, which is already well booked, and the sticker shock that vendors might have when they try to book in Scottsdale. Mr. Moore agreed, saying the booth discount is designed to help vendors absorb the extra cost. The Expo was unable to get an April booking at WestWorld in 2017, but intends to do so in future years. Scottsdale will benefit from the year-round promotion. Commissioner McCreary inquired about the possibility of moving to early May or January. Bryan Dygert noted that the NCHA could potentially book May 1 through May 15. Off-Road Expo prefers an April date, but March is what is available in



2017. Mr. Moore said January would be too close to the Pomona event. The off-roading season starts in April.

Chairperson Scholefield inquired about a possible June event, which could have a big impact. Mr. Moore said Family Events is considering June for a remote control and drone expo, but that is still in the planning stages at this point. Off-Road Expo will be ready to go in 2017. Chairperson Scholefield suggested that packaging the March event with a June event could result in a more favorable reaction from the TDC. Mr. Moore said Family Events would consider it, though it typically takes a year of planning to launch an event properly. The Off-Road Expo will go on next March with or without the TDC's support.

Fred Unger stated that January is out of the question because Barrett Jackson has the whole facility. The only dates that WestWorld could offer in spring of 2017 were in March. The producer has a highly desirable event to offer in the Off-Road Expo, and is considering adding new ones during the summer. Their commitment to marketing the destination year-round is valuable. WestWorld is struggling to find horse events and music festivals, and this company offers events that are exactly what the facility needs to fill the calendar. He doubted he would be able to fill the March dates with any event as big, and strongly encouraged full support for the event.

Chairperson Scholefield inquired whether Scottsdale could receive exposure in some of the other Bonnier publications. Mr. Moore said *Field and Stream* and *Outdoor Life* are willing to offer pages in their magazines, which could help offset the TDC's concerns. Chairperson Scholefield noted that the Expo would have to meet the required number of room nights to get the funding. He suggested the recommendation guarantee a move from March to April starting in 2018, and that a summer event would be added.

Commissioner Grupp said this agreement would open the door to other events; Scottsdale is a gateway to this recreational form. Vice Chairperson Hirose suggested Mr. Moore return next month with a proposal incorporating the changes discussed. Mr. Moore said he could return, but would prefer not to have to wait a month. He noted that the marketing value of the proposed offer greatly exceeds \$75,000. Family Events wants to partner with Scottsdale and WestWorld and will be here for a long time.

Mr. Geiogamah stated that staff could put the discussion points forward in the contract, similar to what was done with the Schwab Cup. Commissioner Dillenbeck asked whether Pomona provides any funding. Mr. Moore said they do not, but the show has been there for 22 years. Scottsdale's funding would only be available for a few years to help get the new event started.

Carter Unger noted that another local off-road event at WestWorld drew 15,000 people in its first year. The revenue to WestWorld was nearly \$100,000. The off-roading community is big in Arizona and is a destination pull.

Mr. Geiogamah explained that the TDC could fund this request from multiple sources either this fiscal year or next. Chairperson Scholefield said the TDC was willing to move forward with a recommendation so long as the contract covers the issues identified earlier in the discussion and that the TDC would like to see the list of changes by next meeting at the latest.

**COMMISSIONER GRUPP MOVED TO RECOMMEND FUNDING OF UP TO \$75,000 FOR THE 2017 OFF ROAD EXPO FROM THE EVENT DEVELOPMENT FUNDS. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ONE (1). COMMISSIONER DILLENBECK DISSENTED.**

**13. Public Comment**

There were no public comments.

**14. Identification of Future Agenda Items**

The next scheduled meeting is May 17, 2016. The agenda could include discussions on event funding, the destination marketing guide performance measurements, the new special events ordinance, a TDC work study follow up, the SCVB's concierge forum, and the new event development criteria.

**Adjournment**

The meeting adjourned at 10:22 a.m.

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